RAJYA SABHA

Friday, the 27th November 1987/6 Agrahayana 1909 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

*301. [*The questioner (Shrimati Renuka Chowdhary) was absent. For answer,* vide *col.* 33 infra]

Modernisation of the Sugar Industry

*302. SHRI D. B. CHANDRE GOWDA: Will the Minister of FOOD AND CIVIL SUPPLIES be pleased to state:

(a) whether Government have called upon the sugar industry to quicken its pace of modernisation;

(b) if so, what is the reaction of the Indian Sugar Mills' Association in this regard?

(c) whether any assistance has been provided by Government to modernise the sugar industry; and

(d) if so, what are the details thereof?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF FOOD AND CIVIL SUPPLIES (SHRI H. K. L. BHAGAT): (a) Yes, Sir.

(b) The Indian Sugar Mills' Association has welcomed this.

(c) and (d) The sugar factories whose schemes for modernisation/rehabilitation of plant and machinery are approved by the specified financial institutions are eligible for financial assistance from the Sugar Development Fund. The maximum assistance available from the fund is limited to the 'Promoters' Contribution' specified by the finacial institutions. Upto November 20, 1987, financial assistance of the order of Rs. 898.94 lakhs has been sanctioned to 11 sugar factories.

SHRI D. B. CHANDRE GOWDA: Sir, as of today, we are crushing about 189 million tonnes and the target to be achieved by 1990 is of the order of 217 million tonnes. From this point of view, modernisation has to be undertaken in a big way; not only the modernisation of the existing mills, but also providing good machinery for many sugar mills and *khandsaris.* Therefore, may I know, what are the proposals envisaged by the Government of India to meet this projected target of 217 million tonnes by 1990? How many new licences sought for by the different State Governments are pending with the Government of India?

SHRI H. K. L. BHAGAT: Sir, in order to meet the requirement, as the hon. Member has mentioned, one thing is modernisation of the existing factories, expansion of the existing factories, for which we have invited applications. We have sanctioned some and some are pending. We have asked the State Governments—issued guidelines to the factories as well as the State Governments—to give more applications so that we can give them assistance. They get assistance from the financial institutions plus the promoters' margin fixed by the financial institutions which is available from the Sugar Development Fund. In order to meet the target, one thing is to expand the factories. The other thing is to improve their machinery etc. The third thing is to issue new licences. In regard to new licences, we have invited applications. We have sanctioned a number of them. Some are under consideration. We have asked the State Governments to send new applications so that the target, to which a reference has been made by the hon. Member, is achieved.

SHRI D. B. CHANDRA GOWDA: Sir, so far as productivity is concern-

ed, between 2 to 7 per cent of sugar is being wasted in the form of bagasse which is used as fuel, in the sugar mills. May I know from the hon. Minister whether they have any proposals to improve the productivity so that the sugar which is being wasted can be utilised? In this connection, I would like to know from the hon. Minister whether the Government is considering the proposal given by the sugar manufacturers' association in regard to rationalisation of molasses levy-40-60 per cent.

SHRI H. K. L. BHAGAT: Regarding wastage of material in the making of sugar, obviously modernization schemes are meant for that. That is one of the main objectives. I have received the memorandum. I was present in one of the functions of the Indian sugar mills association. They made a number of points. If the hon. Member's suggestion is that we should change the Levy Ratio, I may inform him that we did it up to 50:50 earlier but now, for the time being, we do not propose to change the ratio, we do not consider it proper.

About molasses, there was some change in its price. Ministry of Industry deals with this.

WELCOME TO NEPALESE PARLIAMENTARY DELEGATION

MR. CHAIRMAN: Hon. Members, I have an announcement to make.

We have with us this morning, seated in the Special Box, Members of the Nepalese Parliamentary Delegation, currently on a visit to our country, under the distinguished leadership of his Excellency Mr. Nava Raj Subedi, Chairman of the Rashtriya Panchayat of Nepal. The other Members of the Delegation are:

1. Mr. Bisheswer Yadav.
2. Mr. Chandra Dev Chaudhary.
3. Mr. Chakra Bahadur Shahi.
4. Mr. Champak Sunuwar.
5. Mr. Dirga Raj Prasai.
6. Mr. Deepak Bohara.
7. Mr. Indra Bahadur Khatry.
8. Mrs. Indira Atreya.
9. Mr. Kul Raj Sharma.
10. Mr. Lekh Nath Adhikary.
11. Mr. Lal Bahadur Khadka.
12. Mr. Parashu Ram Khapung.
13. Mr. Prakash Chandra Lohani.
14. Mr. Yagya Bahadur Budhathoki.

all members of the Rashtriya Panchayat.

On behalf of the Members of the House and on my own behalf, I take pleasure in extending a very hearty welcome to the Leader and other Members of the Delegation and wish our distinguished guests a very enjoyable and fruitful stay in our country. We hope that during their stay here they would be able to see and learn more about our parliamentary system, our country and our people. Through them we convey our greetings and best wishes to the Members of the Rashtriya Panchayat and the friendly people of Nepal.

ORAL ANSWERS TO QUESTIONS—*contd.*

SHRI VEERSHETTY MOGLAPPA KUSHNOOR: Mr. Chairman, Sir, according to the new guidelines for production capacity, the capacity should be 2000 tonnes per day, but there are a large number of units whose capacity ranges between 300 and 1250 tonnes per day. Is there any information with the Government as to how many of them are below the targeted production capacity and whether the Government has issued any instructions to them to see that they modernised their units to become more viable?

SHRI H. K. L. BHAGAT: Sir, I am grateful to the hon. Member for this question. The total number of factories in the country, I think, is 377. A large number of them are producing below 1250 tonnes per day, a number of them are sick and a number of them required modernisation. The guidelines for utilisation of sugar development fund for modernisation are:

(1) Factories which are 25 years old, which came in the year 1957.

(2) Factories which are uneconomical, and certain factories, the smaller ones also. There are proposals that they can go in for foreign modernisation. So, where the machinery is old, the units which are uneconomical because of the capacity utilisation and are not fit to function properly, they can go in for expansion, increase expansion or modernise, both. The sugar development fund can be used for that purpose.

श्री वीरेन्द्र वर्मा : माननीय मंत्री जी के उत्तर से संबंधित--माननीय मंत्री जी ने ग्यारह शुगर फैक्ट्रीज को शुगर डेवेलपमेंट फण्ड से सहायता की है माडर्नाइजेशन के लिये।

माननीय मंत्री जी यह बताने की कृपा करें कि कितनी एप्लीकेशंस इस कार्य के लिये प्राप्त हुई थीं और इसका पार्ट (बी) है--इन एप्लीकेशंस में क्या सभी निजि क्षेत्र की फैक्ट्रियां हैं ? यदि सभी निजि क्षेत्र की नहीं हैं, तो कितनी कोआपरेटिव सैक्टर की हैं और कितनी उन फैक्ट्रियों में से ऐसी हैं जो स्टेट गवर्नमेंट ने टेक ओवर की हुई हैं बिहार और उत्तर प्रदेश में ?

श्री एच के एल भगत : सर, जिन्होंने एप्लाई किया है माडर्नाइजेशन के लिए, उनमें से कुछ...

श्री वीरेन्द्र वर्मा : नम्बर बताइये।

श्री एच के एल भगत : बताता हूं। एप्लीकेशंस रिसीव्ड इन 20, सैक्शंड ग्यारह है, पांच कम्पलीट की गई हैं और केसेज अन्डर कानसिडेरेशन छह हैं, रेजेक्टेड तीन हैं। कुछ बिहार तथा उत्तर प्रदेश में भी जो पब्लिक सैक्टर की फैक्ट्रीज हैं, उनके माडर्नाइजेशन की प्रोपोजल्स भी उन्होंने दी हैं। उनमें से कुछ माडर्नाइजेशन के लिये हैं।

श्री वीरेन्द्र वर्मा : मैं केवल आपके माध्यम से यह जानना चाहता हूं--मैंने पूछा कि जिन ग्यारह शुगर फैक्ट्रीज को उन्होंने सैक्शन किया है, उनमें कितनी निजि क्षेत्र में हैं, कितनी कोआपरेटिव क्षेत्र की हैं, कितनी गवर्नमेंट की टेकन ओवर शुगर फैक्ट्रीज में से हैं ? यह मेरा स्पेसिफिक क्वश्चन है, उसका जवाब दे दें।

श्री एच के एल भगत : टोटल ब्रेक-अप आफ फिगर्ज इस समय मेरे पास नहीं है।

श्री वीरेन्द्र वर्मा : सारी ही निजि क्षेत्र की हैं।

श्री एच के एल भगत : नहीं, बिहार और उत्तर प्रदेश वालों ने कुछ पब्लिक सैक्टर की हैं और उनको सैक्शन भी किया गया है, जो मेरे पास इनफर्मेशन है।

SHRI NIRMAL CHATTERJEE: Sir, he should come prepared because he has to give the reply on this.

MR. CHAIRMAN: You can also ask a question when he gives the reply.

SHRI VITHALRAO MADHAVRAO JADHAV: Sir, the Government have changed the policy of giving licences to the new sugar factories from 1250 to 2500 tonnes. For the installation of a sugar factory with a capacity of 1250 tonnes the cost comes to 12 to 14 crores of rupees. For the installation of a factory with a capacity of 2500 tonnes, the cost has gone up to Rs. 25 crores. In Maharashtra the cooperative sector is run by the farmers' cooperative societies and even to collect share capital required for the

installation of a 1250 tonne capacity factory is difficult. All the proposals from Maharashtra have been sent back by Government of India to the Maharashtra Government. We have been constantly requesting the hon. Minister to change this policy.

MR. CHAIRMAN: Please put your question.

SHRI VITHALRAO MADHAVRAO JADHAV: Sir, it is a very valid question. Will the Government change the policy? At least for the cooperative sector, please make it 1250 tonne. so that the farmers' cooperatives will come up and the monopoly of the big sugar industrialists will go away. I would like to ask through you. Sir, whether the Government is thinking seriously to change this policy just to encourage the cooperative movement in Maharashtra which produces 30 per cent of the total sugar of the country.

SHRI V. NARAYANASAMY: Not only for Maharashtra. but for all other States.

MR. CHAIRMAN: No State disputes, please.

SHRI H. K. L. BHAGAT: Sir, I very much appreciate and understand the concern and anxiety of the hon. Member. Maharashtra and a number of other States are producing sugar. Certainly Maharashtra is one of the major sugar-producing States. But the question he is asking me is about policy. In the new sugar policy. it was considered that the minimum capacity where a new licence should be given would be 2500 tonnes crushing capacity daily. It was done because it was felt that a unit with a lesser capacity would not be economical. I have as the hon. Member says, received a number of representations; a number of people have met me

MR. CHAIRMAN: You will examine it.

SHRI H. K. L. BHAGAT: I am just finishing my reply, Sir. As the policy decision stands today, it is 2500 tonne capacity. They have given representations. I shall examine them. I cannot say today what the policy decision would be.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: Sir. in the year 1986-87 sugar production was nearly 58 lakh tonnes. There is nothing to be complacent with this figure because in the year 1981-82 also the production was only 84.38 lakh tonnes. In 1982-83 it was 82.32 lakh tonnes. Then it declined to 59, 61 and 70 lakh tonnes in subsequent years. What is the reason for the decline in production despite the increase in the number of factories? Is it due to lack of modernization or lack of adequate assistance to the factories?

SHRI H. K. L. BHAGAT: Sir, it is true, and I think, that the best production then was probably in 1982-83 and now the best production is of 85 lakh tonnes. This means, while there were a few years when sugar production went down, it went down because of certain conditions: no rains. drought various other things in those States and certain other factors as a result of which sugar production went down. Again it is a cycle. When you have the maximum of sugar production in a year it means more sugarcane, less price. less sugar price and then again the grower thinks that it doesn't pay and the next year he stops. So there were a number of factors which. combined together, including climatic conditions and variuos other things made sugar production go down. Sugar production went up again. It is as a result of the new sugar policy which we have brought about that various things have been done as a result of which sugar production went up and we had 85 lakh tonnes. Now we are expecting and in spite of the severe drought conditions the estimate is, that this year it may come round to 80 lakh tonnes.

SHRI A. G. KULKARNI: Sir, the honorable Minister has stated that

the minimum capacity of a sugar factory should be 2,500 tonnes to be economically viable. But, as has been pointed out to the honourable Minister, will he consider that there are two aspects of the new guidelines issued to the sugar factories? One is capacity and the other is distance between the various sugar factories. In this country, because of geographical conditions, certain crops are grown in certain districts of certain States and certain other crops are grown in certain other States. So, is there any possibility for the honourable Minister to take the benefit of the increased sugarcane production in the various States which are known for that—which a minor modification is necessary with regard to distance between the various sugar factories, capacity, etc? So I would request the honourable Minister that a major modification should be made on practical grounds to meet the social needs of the farmers in the cooperative sector, also taking into consideration the geographical compulsions that a particular crop is grown in a particular district.

MR. CHAIRMAN: He wants to know whether you have a flexible approach to it.

SHRI H. K. L. BHAGAT: I would say, so far as the present policy decision is concerned, the distance of 40 kilometres has been fixed keeping in view that where a factory is located, it should have enough sugarcane. It should not be that two, three or four sugar factories fighting in the same area so that one remains economic and the others uneconomic. But a suggestion has been given to me that in some areas may be more sugarcane is available.

MR. CHAIRMAN: He wants you to be more flexible.

SHRI H. K. L. BHAGAT: This is a suggestion which I shall examine. But, so far as the policy decision is concerned, it is what it is.

SHRI A. G. KULKARNI: Sir, my only submission is,...

SHRI H. K. L. BHAGAT: I have said, I shall examine what you have said.

SHRI A. G. KULKARNI: Okay. Thank you very much.

श्री बी० सत्यनारायण रेड्डी : सभापति जी, जिन चीनी मिलों के आधुनिकीकरण और पुनर्वासन के लिये मंत्री महोदय ने बताया है कि अब तक 20 नवम्बर, 1987 तक जिन चीनी मिलों को 898.94 लाख रुपये की सहायता मंजूर की गई है जो कि 11 चीनी मिलें हैं इनमें से कितनी आंध्र प्रदेश की हैं ? आंध्र प्रदेश में कितनी चीनी मिलें हैं जो आधुनिकीकरण और पुनर्वासन की हालत में हैं और कितनी मिलों को आपने सहायता की है और कितनी मिलों ने सहायता मांगी है ?

श्री एच० के० एल० भगत : सर, अगर आनरेबिल मेम्बर चाहेंगे तो मैं लिख कर भेज दूंगा... **(व्यवधान)**...

श्री सभापति : मेरे ख्याल से हर राज्य के लिये सदस्यों को भिजवा दीजिये ।

श्री एच० के० एल० भगत : जो स्टेटवाइज ब्रेकअप चाहते हैं, वह अगर चाहेंगे तो मैं लिख कर भेज दूंगा कि आंध्र प्रदेश की स्थिति क्या है । I have a list. If you like, I can read it out. The list of the 11 factories to whom it has been sanctioned, I have got. If you want the position of how many factories...

MR. CHAIRMAN: We will move to other questions. Otherwise, people will complain.

SHRI H. K. L. BHAGAT: Out of these 11, one, No. 6, Shri Sarvaraya Sugar Ltd. Chelluru East Godavari,

Andhra Pradesh, has been sanctioned Rs. 40 lakhs. That is in Andhra Pradesh. If he wants to know anything more and if he writes to me, I will give him all the information. I will show that there is absolutely no discrimination in this matter done in this Ministry.

SHRI B. SATYANARAYAN REDDY: I would like to know how many sugar factories have been given financial assistance. I want to know about Andhra Pradesh.

MR. CHAIRMAN: He has mentioned it.

SHRI B. SATYANARAYAN REDDY: I have not said about discrimination. I want to know exactly how many factories have been given financial assistance.

SHRI H. K. L. BHAGAT: I am talking of assistance from the Sugar Development Fund for modernisation. I might bring to the hon. Member's kind notice that basically the assistance for modernisation is given by the financial institutions. They recommend what the percentage should be, five, ten. Whatever the financial institutions recommend is the promoter's share which the promoter is supposed to contribute. That share is provided by the Sugar Development Fund. Out of eleven cases we have sanctioned, one is Andhra Pradesh. We shall consider every case with sympathy on merits from any State, including Andhra Pradesh.

*303. [*The questioner (Shri Subas Mohanty) was absent. For answer,* vide *col.* 33—35 infra]

*304. [*The questioner (Shri Suresh Pachouri) was absent. For answer.* vide *col.* 35-36 infra]

*305. [*The questioner (Shri Chaturanan Mishra) was absent. For answer,* vide *col.* 36—38 infra.]

Introduction of new incentive scheme to boost sugar production

*306. SHRI VIRENDRA VERMA: Will the Minister of FOOD AND CIVIL SUPPLIES be pleased to state:

(a) whether it is a fact that Government propose to introduce a new sugar incentive scheme to boost sugar production in the country; and

(b) if so, what are the details thereof stating the new features of the scheme as compared to the old sugar incentive scheme?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF FOOD AND CIVIL SUPPLIES (SHRI H. K. L. BHAGAT): (a) Yes, Sir.

(b) The main features (as in the case of old scheme) are to allow the release of additional quota of levy-free sugar and excise duty concession.

The new scheme differs from the old scheme in that as against the slab system of incentives under the 1980 scheme, a uniform quantum of incentive is allowed under the 1987 scheme.

For expansion cases, entitlement to incentive has been linked to a minimum project cost of Rs. 200 lakhs under the 1987 scheme as against the cost of Rs. 100 lakhs in the earlier scheme.

श्री वीरेन्द्र वर्मा : सभापति जी, माननीय मंत्री जी बताने की कृपा करें कि जो लेवी शुगर फ्री करते हैं, वह कितने परसेंट शुगर को लेवी फ्री करते हैं, स्पेसिफिक मेरा प्रश्न है और एक्साइज ड्यूटी कितनी और कितने वर्ष तक और यह जो आपकी लेवी शुगर है, कितनी और कितने वर्ष तक है, यह मेरा आपसे पहला प्रश्न है, जो स्पेसिफिक कर रहा हूं। इसका आप स्पेसिफिक उत्तर दे दें।

SHRI H. K. L. BHAGAT: The levy percentage, as the hon. Member knows, is now 50:50. That is the levy percentage at present. The levy percentage has been changing from time to time.